



FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36209]

Watco Holdings, Inc.—Continuance in Control Exemption—Decatur & Eastern Illinois Railroad, L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption pursuant to 49 CFR 1180.2(d)(2) to continue in control of Decatur & Eastern Illinois Railroad, L.L.C. (DEIR), upon DEIR's becoming a Class III rail carrier. Watco owns, indirectly, 100% of the issued and outstanding stock of DEIR, a limited liability company.

This transaction is related to a concurrently filed verified notice of exemption in Decatur & Eastern Illinois Railroad—Acquisition Exemption Containing Interchange Commitment—CSX Transportation, Inc., Docket No. FD 36206, by which DEIR seeks Board approval to acquire and operate approximately 126.7 miles of track owned by CSX Transportation, Inc. (CSXT), consisting of: (1) CSXT's Decatur Subdivision starting near Montezuma, Ind., at milepost BD 192.4 and ending in Decatur, Ill., at milepost BD 277.2; (2) CSXT's Danville Secondary Subdivision from near Terre Haute, Ind., at milepost QSD 72.2 to near Olivet, Ill., at milepost QSD 113.6; and (3) CSXT's Paris Industrial Track located in Paris, Ill.¹

¹ The proposed transaction also includes an ancillary assignment of CSXT's trackage rights over Illinois Central Railroad Company (IC) between the Decatur Street road crossing at or near milepost 77.7 and milepost 76.7 on IC's Peoria Subdivision, including IC's connection with CSXT between milepost 30.5 and milepost 28.6 on IC's
(continued. . .)

The transaction may be consummated on or after September 8, 2018, the effective date of the exemption (30 days after the verified notice of exemption was filed).

According to the verified notice of exemption, Watco currently controls, indirectly, 37 Class III rail carriers and one Class II rail carrier, collectively operating in 27 states. For a complete list of these rail carriers and the states in which they operate, see the August 9, 2018 verified notice of exemption at pages 5-9 for a list of carriers and pages 9-11 for a list of states.² The verified notice is available on the Board's website at www.stb.gov.

Watco represents that: (1) the rail line to be operated by DEIR does not connect with any of the rail lines operated by railroads in the Watco corporate family; (2) the transaction is not part of a series of anticipated transactions that would result in such a connection; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. 11323 pursuant to 49 CFR 1180.2(d)(2).

Watco states that the purpose of the transaction is to reduce overhead expenses and coordinate billing, maintenance, mechanical and personnel policies and procedures of

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Peoria Subdivision, and between IC's lead track from its connection to the Green Switch Spur to IC's connection with the ADM Run-Around-Yard at Decatur, Ill., on IC's Peoria Subdivision, a total distance of approximately 3.6 miles.

² The sentence on page 3 of the notice stating that Watco controls 38 Class III railroads and operates in 26 states is inconsistent with the list of carriers and states listed on pages 5-11.

its rail carrier subsidiaries, and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C. 11326(b) and Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions to stay must be filed by August 31, 2018 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36209, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, Karl Morell & Associates, Suite 440, 440 1st Street, N.W., Washington, DC 20001.

Board decisions and notices are available on our website at www.stb.gov.

Decided: August 17, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

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Clearance Clerk

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